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**Implications of the implementation of decisions 2/CMP.7
to 4/CMP.7 and 1/CMP.8 on the previous decisions on
methodological issues related to the Kyoto Protocol,
including those relating to Articles 5, 7 and 8 of the
Kyoto Protocol**

Technical paper

Summary

This technical paper identifies the implications of decisions 2/CMP.7 to 4/CMP.7, and 1/CMP.8 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol. This technical paper is an update and extension of technical paper FCCC/TP/2012/6.

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I. Introduction

A. Mandate

1. In response to the request made by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP),¹ the Subsidiary Body for Scientific and Technological Advice (SBSTA), at its thirty-sixth session, initiated work to assess and address the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous CMP decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol. At the same session, SBSTA requested the secretariat to prepare a technical paper that includes a comprehensive identification of said implications.² This technical paper is available as document FCCC/TP/2012/6.

2. The CMP, by decision 2/CMP.8, paragraph 6, requested the SBSTA to continue to assess and address the implications of the implementation of decisions 2/CMP.7 to 4/CMP.7,³ as well as those of decision 1/CMP.8, on the relevant decisions adopted for the first commitment period, with the aim of finalizing its consideration and proposing for consideration and adoption by CMP 9 any changes to such decisions.⁴

3. SBSTA 38 requested the secretariat to update and extend the technical paper contained in document FCCC/TP/2012/6, addressing:⁵

(a) The implications of decision 1/CMP.8 and any relevant implications of decision 2/CMP.8, taking into account the considerations during SBSTA 38 and issues not yet covered in the discussions;

(b) The options for the updating of relevant references to decisions of the CMP, where necessary, to references to the Intergovernmental Panel on Climate Change (IPCC) methodologies for estimating anthropogenic emissions by sources and removals by sinks and any other consequential changes related to references arising from decisions 2/CMP.7 to 4/CMP.7, 1/CMP.8 and 2/CMP.8.

4. This technical paper is prepared in response to the request of the SBSTA identified in paragraph 3 above and is aimed at informing discussions at the technical workshop mandated by decision 2/CMP.8, paragraph 10(c), and will also be made available for consideration by Parties at SBSTA 39.

B. Background information

5. Parties have submitted views and proposals to address the implications mentioned above, following several requests by the CMP and the SBSTA. The submissions including the following:

(a) Parties' submissions made by 21 September 2012,⁶ in response to paragraph 123(b) of SBSTA 36 conclusions;⁷

¹ Decision 1/CMP.7, paragraph 9.

² FCCC/SBSTA/2012/2, paragraph 123(a).

³ In decision 2/CMP.8, paragraph 1, the CMP agreed that decision 5/CMP.7 does not result in any modification to the previous decisions.

⁴ In decision 2/CMP.8, paragraph 7, the CMP noted that some of the work on the above-mentioned implications might only be completed by CMP 10.

⁵ FCCC/SBSTA/2013/3, paragraph 135(c).

(b) Parties' submissions made by 15 February 2013, in response to decision 2/CMP.8, paragraph 9;⁸

(c) Submissions by Parties⁹ in response to paragraph 135(a) of SBSTA 38 conclusions.¹⁰

6. SBSTA 38 conclusions include an annex with texts submitted by Parties and an in-session discussion text containing elements of a draft decision. In particular, the annex contains (as an in-session discussion text) lists of references to the "assigned amount" and "commitment period" for all relevant CMP 1 decisions and identifies where references to the second commitment period might be required. It also captures the discussion text on the revised standard electronic format (SEF) tables to be used for the second commitment period and the associated instructions for SEF tables.

7. The secretariat, implementing decision 2/CMP.8, paragraph 10, was requested to organize two workshops with the aim of facilitating the work of the SBSTA on assessing and addressing the implications of decisions 2/CMP.7 to 4/CMP.7, as well as those of decision 1/CMP.8, on the relevant decisions adopted for the first commitment period, and to prepare reports of the workshops for consideration by the SBSTA.

8. The first workshop was held in Bonn, Germany, on 24 and 25 April 2013. The report on the first workshop was considered at SBSTA 38.¹¹ The participants in the workshop identified and clustered the technical issues related to the methodological decisions under the Kyoto Protocol that are essential to the implementation of the second commitment period and would need to be addressed at CMP 9. The issues were clustered into the following four categories:

(a) Technical issues related to the methodological decisions under the Kyoto Protocol that are essential for the implementation of the second commitment period. These technical issues require decisions to be adopted at CMP 9;

(b) Issues arising from the implementation of the first commitment period that it may be beneficial to address;

(c) Additional issues on which views diverged with regard to need, prioritization or categorization;

(d) Implications identified related to methodological decisions that could be addressed at a later stage, after CMP 9.

9. The second workshop will be held in Bonn, from 21 to 23 October 2013, and its report will be considered at SBSTA 39. This workshop aims to facilitate the work on the common reporting format (CRF) tables for land use, land-use change and forestry (LULUCF) activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol and also to address the remaining implications.

10. The secretariat prepared draft CRF tables required for reporting LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol for the second commitment period, on the basis of the submissions by Parties referred to in paragraph 5 above, and for taking into consideration supplementary methodological guidance resulting from the work

⁶ Submissions compiled in document FCCC/SBSTA/2012/MISC.13.

⁷ FCCC/SBSTA/2012/2.

⁸ FCCC/SBSTA/2013/MISC.1 and Add.1 and 2.

⁹ Submissions available at

<http://unfccc.int/documentation/submissions_from_parties/items/5901.php>.

¹⁰ FCCC/SBSTA/2013/3.

¹¹ FCCC/SBSTA/2013/INF.3.

of the IPCC on the 2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol.

C. Scope and structure of the paper

11. This paper has been prepared in response to the above mandate and takes into consideration existing background materials and the work done under SBSTA so far. In particular, it takes into account that decision 2/CMP.8 already addressed the implications of the decisions mentioned in title of this paper on the report to facilitate the calculation of the assigned amount (annex I), as well as the implications on the information relating to LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol in annual greenhouse gas inventories (annex II). In addition, substantial discussions on SEF tables and related instructions were held during SBSTA 38, and the results of this process, already captured in SBSTA 38 conclusions, are referred to but not replicated here.

12. With regard to the consideration of the implications of the decisions on CRF tables required for the reporting of LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol for the second commitment period, the secretariat prepared revised CRF tables as mandated at SBSTA 38. These tables are available on the UNFCCC website¹² and are not discussed in this technical paper.

13. An important factor in the definition of the scope and of the structure of the technical paper was the grouping of issues defined during the April workshop referred to in paragraph 8 above. Following that approach, this paper structures the issues into two groups:

(a) Addressing references to decisions, the Articles to the Kyoto Protocol, IPCC methodologies for estimating anthropogenic emissions by sources and removals by sinks, gases and the commitment period. Most of these references simply require clarification for the different commitment period and can be addressed through a list of references to be considered when establishing the rules valid for each commitment period;

(b) Addressing the implications of decisions 2/CMP.7 to 4/CMP.7, 1/CMP.8 and 2/CMP.8¹³ on issues requiring a consideration of their substantive implications. The issues included in this category were further divided as follows:

(i) Calculation of the initial assigned amount and review of the initial report to facilitate the calculation of the assigned amount for the second commitment period;

(ii) Carry-over and previous period surplus reserve accounts;

(iii) Section G (Article 3, paragraph 7 ter) of the Doha Amendment to the Kyoto Protocol;¹⁴

(iv) Share of proceeds;

(v) Any increases in ambition as referred to in decision 1/CMP.8, paragraphs 7 and 8, and Article 3, paragraphs 1 ter and quater, in the Doha Amendment;

(vi) The clarification of reporting requirements for Parties included in Annex I to the Convention (Annex I Parties) without a quantified emission limitation and reduction commitment (QELRC) for the second commitment period.

¹² <http://unfccc.int/meetings/warsaw_nov_2013/workshop/7845.php>.

¹³ The SBSTA requested the secretariat to update and extend the technical paper contained in document FCCC/TP/2012/6, addressing, among other things, any relevant implications of decision 2/CMP.8 (FCCC/SBSTA/2013/3, para. 135(c)(i)).

¹⁴ Annex I to decision 1/CMP.8.

14. Whenever possible and relevant, the implications and issues for each group cover modalities for accounting, and reporting requirements and procedures. Implications and necessary changes to the review process will not be discussed in this technical paper, except for cases related to the initial review.

D. Possible action by the Subsidiary Body for Scientific and Technological Advice

15. The SBSTA may wish to consider this paper in its deliberations under the relevant agenda item of SBSTA 39.

II. General considerations

16. The consideration of the implications must take into account that the procedures related to the first commitment period must remain valid even after the rules for the second commitment period become valid. Therefore, addressing the implications should allow simultaneous implementation of the rules for both commitment periods.

17. The previous technical paper on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol,¹⁵ identified options for the architecture of a decision or decisions needed to address the implications. These options were later revised in the report on the workshop on the implications that was held in Bonn from 8 to 10 October 2012, as follows:

(a) **An overarching decision:** a decision that would list all the necessary modifications for the implementation of methodological decisions in the second commitment period;

(b) **An overarching decision plus new decisions:** new decisions would be agreed for the methodological issues that would imply a large number of changes in the existing decisions; these new decisions would, for the second commitment period, replace the relevant existing CMP 1 decisions. The new decisions and their annexes would be attached to an overarching decision;

(c) **'Mutatis mutandis' approach:** relevant existing decisions in place for the first commitment period would be referenced for application mutatis mutandis for the second commitment period, with any necessary changes or additions reflected in replacement paragraphs or new paragraphs presented below the appropriate headings.

18. Decision 2/CMP.8 addressed specific sets of rules through annexes on the following issues: the report to facilitate the calculation of the assigned amount,¹⁶ and information on LULUCF activities under Article 3, paragraph 3 and 4, of the Kyoto Protocol in annual greenhouse gas inventories.¹⁷ In addition, decision 2/CMP.7 set the definitions, modalities, rules and guidelines relating to LULUCF under the Kyoto Protocol for the second commitment period.¹⁸

¹⁵ FCCC/TP/2012/6.

¹⁶ Information in annex I to decision 2/CMP.8 addresses, for the second commitment period, the issues addressed in paragraphs 7–8 in the annex to decision 13/CMP.1 for the first commitment period.

¹⁷ Information in annex II to decision 2/CMP.8 addresses, for the second commitment period, the issues addressed in paragraphs 5–9 in the annex to decision 15/CMP.1 for the first commitment period.

¹⁸ Decision 2/CMP.7 revises the definitions, modalities, rules and guidelines relating to LULUCF for the first commitment period that were contained in decision 16/CMP.1.

19. If such an approach is considered for other revisions, several other unresolved matters could be addressed in a similar manner, such as:

- (a) Issues related to the calculation of the assigned amount pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis, in the Doha Amendment, and the related issue of the calculation of the difference between the assigned amount of the second commitment period and average annual emissions for the first three years of the preceding commitment period multiplied by eight, in accordance with Article 3, paragraph 7 ter, in the Doha Amendment;
- (b) The SEF tables for reporting Kyoto Protocol units;¹⁹
- (c) Good practice guidance and good practice guidance for LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol;²⁰
- (d) Issues related to the initial review for the second commitment period.

III. References to Articles of the Kyoto Protocol, references to methodologies of the Intergovernmental Panel on Climate Change, references to decisions and any other consequential changes related to references

A. General approach to the identification of options for the updating of references

20. The choice of options for the architecture of the decision(s) (see chapter II above) may have implications for how references to other decisions, Articles of the Kyoto Protocol, the first commitment period, IPCC methodologies and UNFCCC reporting guidelines are revised so that they are consistent with the requirements of the second commitment period. The possible approaches are as follows:

- (a) When new decisions are adopted, such as decisions 2/CMP.7 and annexes I and II to decision 2/CMP.8, references are updated with those decisions;
- (b) If the general procedures for the first commitment period apply, but references to specific decisions for the second commitment period need updating, Parties may wish to use one of three options:
 - (i) Define a general rule for how specific references should read for the second commitment period for each relevant provision pertaining to the first commitment period;
 - (ii) Identify case by case where a reference should be revised and what change should be made;
 - (iii) Agree on a new provision relating to the second commitment period for every part of the decisions requiring revision. This last option may cause the need for more updates, given that a large number of cross-references would need to be addressed and taking into consideration that the decision would need to clarify that the previous provision does not apply for the second commitment period.

¹⁹ Decision 14/CMP.1 for the first commitment period.

²⁰ Decision 17/CMP.1 for the first commitment period, taking into consideration decision 4/CMP.7.

B. References to methodologies of the Intergovernmental Panel on Climate Change and greenhouse gases

21. By decision 15/CP.17, the Conference of the Parties (COP) adopted for trial use by Parties the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual greenhouse gas inventories” (UNFCCC Annex I inventory reporting guidelines). The COP requested the SBSTA to consider any revisions to these guidelines, taking into account, inter alia, information submitted by Annex I Parties on their experiences in using the guidelines, with a view to adopting a revised version of the guidelines at the latest at COP 19. The most recent version of the draft UNFCCC Annex I inventory reporting guidelines is included in the report of SBSTA 38.²¹

22. In decision 4/CMP.7, section C, the CMP decided that, starting with the second commitment period of the Kyoto Protocol, the methodologies for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the greenhouse gases and sectors/source categories listed in Annex A to the Kyoto Protocol shall be consistent with the 2006 IPCC Guidelines as implemented through the aforementioned revised UNFCCC Annex I inventory reporting guidelines.

23. The CMP also requested the SBSTA to consider any relevant supplementary methodologies following the completion by the IPCC of its work on methodologies for estimating anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, with a view to forwarding a draft decision on this matter for consideration at CMP 10.²² The IPCC approved such methodologies on 18 October 2013.

24. In addition, the CMP, in decision 2/CMP.8, paragraph 8, requested the SBSTA to initiate consideration of supplementary reporting tables required for the reporting of LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol for the second commitment period in parallel with the consideration of supplementary methodological guidance resulting from the work of the IPCC on these methodologies. SBSTA 38 invited Parties to submit to the secretariat, by 27 September 2013, further information and views on the implications referred to in paragraph 131 of the decision referred to above, and in particular on draft changes to CRF tables required for the reporting of LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol for the second commitment period.²³

25. Parties may wish to consider, for the second commitment period, a decision regarding methodologies for the estimation and accounting of anthropogenic emissions by sources and removals by sinks of greenhouse gases for activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, in a similar manner that decision 17/CMP.1 refers to the first commitment period. Parties may also decide to reaffirm the use of the 2006 IPCC Guidelines for the sectors/source categories listed in Annex A to the Kyoto Protocol.

26. Moreover, the definitions considered in the guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol²⁴ were based on the IPCC *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* and UNFCCC Annex I reporting guidelines, including definitions of good practice, quality control, quality assurance, key source category and recalculations. Parties may wish to

²¹ FCCC/SBSTA/2013/3/Add.2, page 18.

²² Decision 2/CMP.7, paragraphs 8 and 9.

²³ FCCC/SBSTA/2013/3, paragraph 135(a).

²⁴ Decision 19/CMP.1, annex, paragraphs 3 and 4.

review these definitions for the second commitment period based on the 2006 IPCC Guidelines and the revised UNFCCC Annex I reporting guidelines. In a similar manner, Parties may wish to consider clarifying whether the definitions of transparency, consistency, comparability, completeness and accuracy are in accordance with definitions included in the revised UNFCCC Annex I reporting guidelines.²⁵ Finally, Parties may wish to consider clarifying whether national systems for the second commitment period should be designed and operated to use the 2006 IPCC Guidelines to estimate emissions and removals.²⁶ Alternatively, Parties may wish to refer to the use of the 2006 IPCC Guidelines as implemented through the revised UNFCCC Annex I reporting guidelines.

27. In decision 4/CMP.7, the CMP agreed on issues related to greenhouse gases and common metrics for the second commitment period as follows:

(a) Actual emissions of the species of hydrofluorocarbons (HFC) and perfluorocarbons (PFC) listed in the IPCC Fourth Assessment Report, and of sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) should be estimated where data or methodologies are available to Parties and are reported and included in the coverage of the QELRC.²⁷ Later, the CMP adopted an amendment to the list of greenhouse gases in Annex A to the Kyoto Protocol; NF₃ was included in the list for the second commitment period.²⁸ An amendment to Article 3, paragraph 8, stipulated that Annex I Parties may use 1995 or 2000 as the base year for NF₃;

(b) The global warming potentials used by Parties to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of the greenhouse gases listed in Annex A to the Kyoto Protocol shall be those listed in the column titled "Global Warming Potential for Given Time Horizon" in table 2.14 of the errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, based on the effects of greenhouse gases over a 100-year time horizon.²⁹

C. Options for updating of references to Articles of the Kyoto Protocol, methodologies of the Intergovernmental Panel on Climate Change, greenhouse gases, commitment period, cross-references to decisions and any other consequential changes related to references

28. To facilitate discussions, the secretariat prepared options for the updating of relevant references, without predetermining the form of the update, to be decided by Parties. These options are available on the UNFCCC website.³⁰

²⁵ Decision 19/CMP.1, annex, paragraph 6.

²⁶ Decision 19/CMP.1, annex, paragraphs 9, 14(a), 14(b), 14(d), 14(e) and 14(g).

²⁷ Decision 4/CMP.7, paragraph 1.

²⁸ Decision 1/CMP.8, annex I, chapter B.

²⁹ Decision 4/CMP.7, paragraph 5.

³⁰ <http://unfccc.int/meetings/warsaw_nov_2013/workshop/7845.php>.

IV. Other implications

A. Calculation of the initial assigned amount and the review of the initial report to facilitate the calculation of the assigned amount for the second commitment period

29. At CMP 8, Parties decided on the information to be included in the report to facilitate the calculation of the assigned amount for the second commitment period (initial report for the second commitment period), taking into account decisions 2/CMP.7 to 4/CMP.7.³¹ However, some issues regarding the calculation of the assigned amount still need to be addressed by Parties, such as the following:

(a) Procedures for the calculation of the assigned amount pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis:³² the date of submission and the contents of the initial report for the second commitment period were decided in decision 2/CMP.8, paragraphs 2 and 3, as was the case for the first commitment period with decision 13/CMP.1, paragraph 2. However, the specific rules for the calculation of the assigned amount for the first commitment period (decision 13/CMP.1, annex, paragraph 5) have to be revised for the second commitment period. For example, Parties may need to decide on the appropriate replacement for the reference to “all emissions by sources and removals by sinks under category 5 of the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*”, in view of the need to refer to the 2006 IPCC Guidelines;

(b) Procedures related to Article 3, paragraph 7 ter, in the Doha Amendment,³³ which possibly has to do with the calculation of the assigned amount: the CMP has not yet clarified how to calculate the difference between the assigned amount of the second commitment period for an Annex I Party and average annual emissions for the first three years of the preceding commitment period multiplied by eight;

(c) Procedures for the recording of the assigned amount for the second commitment period:³⁴ Parties have not yet addressed the implications of Article 3, paragraph 7 ter, in the Doha Amendment on the second part of paragraph 2 to decision 13/CMP.1, in particular those related to the recording in the database for the compilation and accounting of emissions and the assigned amount. Parties may wish to consider whether the calculation of the quantity of units to cancel under Article 3, paragraph 7 ter, and the cancellation itself shall be performed together with the recording of the assigned amount;

(d) Procedures for the review of information on assigned amounts pursuant to Article 3, paragraphs 7 bis, 7 ter, 8 and 8 bis, in the Doha Amendment on emission reduction units (ERUs), certified emission reductions (CERs), assigned amount units (AAUs) and removal units (RMUs),³⁵ including the following:

³¹ Annex I to decision 2/CMP.8.

³² For the first commitment period these issues are addressed in decision 13/CMP.1, paragraph 2, and in paragraph 5 of the annex to said decision.

³³ Annex I to decision 1/CMP.8.

³⁴ For the first commitment period these issues are addressed in decision 13/CMP.1, paragraph 2 and in paragraphs 9–10 and 50–60 of the annex to said decision.

³⁵ For the first commitment period, these issues are addressed in decision 22/CMP.1, annex, paragraphs 11, 12, 86(a), 87 and 92.

- (i) The starting date of the initial review for the second commitment period, which should be after 15 April 2015;³⁶
- (ii) The information subject to the initial review for the second commitment period, taking into consideration, in particular, the requirements for the report to facilitate the calculation of the assigned amount contained in decision 2/CMP.8;
- (iii) The scope of the review and the identification of problems;
- (iv) The timing of the initial review for the second commitment period.

30. Parties may wish to consider whether the provisions related to the initial review in decision 22/CMP.1, annex, paragraphs 11–14, refer exclusively to the first commitment period and decide on whether a complete set of rules and procedures for the initial review of the second commitment period needs to be considered.

31. Table 1 shows where changes to the existing decisions may be considered to address the implications discussed above.

³⁶ For the first commitment period these issues related to timing of the initial review are addressed in decision 22/CMP.1, paragraph 11 of the annex to said decision.

Table 1
Addressing implications for the calculation and review of the assigned amount

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
<p>Calculation of the assigned amount pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis, in the Doha Amendment</p> <p>Currently: decision 13/CMP.1, annex, paragraph 5</p>	<p>Specify how the initial assigned amount is calculated in the second commitment period</p> <p>Specify that the base year shall be 1995 or 2000 for total emissions of nitrogen trifluoride, in accordance with Article 3, paragraph 8 bis;</p> <p>Define the scope of the reference to the net source of all emissions by sources and removals by sinks from land-use change and forestry making reference to the 2006 IPCC Guidelines (for the first commitment period, the reference was to “category 5 of the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories”)</p>
<p>Recording of the assigned amount pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis, in the Doha Amendment</p> <p>Currently: decision 13/CMP.1, annex, paragraphs 9 and 10</p>	<p>Update reference to Article 3, paragraphs 7 bis, 8 and 8 bis.</p> <p>Clarify whether, once recorded in the compilation and accounting database the assigned amount shall or shall not remain fixed for the commitment period (this issue may also be related to Article 3, paragraphs 1 ter and 1 quater).</p> <p>Update the information that shall be subjected to review, including, for example:</p>
<p>Currently: decision 22/CMP.1, annex, paragraph 12</p>	<p>Inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, recalculated in accordance with decision 4/CMP.7 for all years from 1990;</p> <p>The calculation of the assigned amount pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis;</p> <p>The commitment period reserve;</p> <p>The calculation of the difference between the assigned amount for the second commitment period and average emissions for the first three years of the preceding commitment period multiplied by eight, pursuant to Article 3, paragraph 7 ter;</p> <p>The national system;</p> <p>The national registry;</p>

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
<p>Scope of the initial review for the second commitment period</p> <p>Currently: decision 22/CMP.1, annex, paragraph 86(a)</p>	<p>Clarify what the initial review for the second commitment period shall cover. In particular, if it will also cover the calculation of the difference between the assigned amount of the second commitment period and average emissions for the first three years of the preceding commitment period multiplied by eight, pursuant to Article 3, paragraph 7 ter</p>
<p>The identification of problems during the initial review for the second commitment period</p> <p>Currently: decision 22/CMP.1, annex, paragraph 87</p>	<p>Update relevant references in decision 22/CMP.1, annex, to applicable provisions in decisions 2/CMP.8 (LULUCF), 1/CMP.8 (commitment period reserve), and any other relevant CMP decisions to be adopted in the future.</p>
<p>Timing of the initial review for the second commitment period</p> <p>Currently: decision 22/CMP.1, annex, paragraph 92</p>	<p>Define the timing for the initial review</p>

32. This technical paper does not discuss the implications of decisions 2/CMP.7 to 4/CMP.7 and 1–2/CMP.8 on the report upon expiration of the additional period for fulfilling commitments³⁷ or the annual and final compilation and accounting reports for Annex I Parties.³⁸

B. Carry-over and previous period surplus reserve accounts

33. Decision 1/CMP.8, paragraphs 23–26, contains revised modalities for carry-over of Kyoto Protocol units.

34. Paragraph 23 of the above decision establishes a previous period surplus reserve. This is a new type of account that would need to be included in the list of accounts maintained by national registries from decision 13/CMP.1, annex, paragraph 21. In addition, information related to previous period surplus reserve accounts would need to be inserted into SEF tables and added to the information to be made publicly available by registries, as per decision 13/CMP.1, annex, paragraph 47.

35. With regard to paragraph 24(a) of decision 1/CMP.8, Parties may wish to clarify whether ERUs and CERs are carried over (a) to the previous period surplus reserve or (b) to the national holding account. In doing so, Parties may wish to consider the relevance of paragraph 36 of the annex to decision 13/CMP.1.

36. With regard to paragraph 24(b) of decision 1/CMP.8, Parties may wish to clarify whether AAUs are carried over (a) directly to the previous period surplus reserve or (b) to

³⁷ See decision 13/CMP.1, paragraph 3, for the decision on this report, and decision 13/CMP.1, annex, paragraph 49, for the information to be included in such a report.

³⁸ The relevant procedures for these reports are referred to in decision 13/CMP.1, paragraphs 4 and 5, and in paragraphs 61 and 62 of the annex to this decision.

the previous period surplus reserve via the national holding account. Parties may also wish to note the definition of the commitment period reserve contained in decision 11/CMP.1, annex, paragraph 7, and the fact that units contained in the previous period surplus reserve would contribute to the commitment period reserve.

37. Decision 1/CMP.8, paragraph 25, stipulates that units contained in the previous period surplus reserve may be retired “up to the extent by which emissions during the second commitment period exceed the assigned amount for that commitment period, as defined in Article 3, paragraphs 7 bis, 8 and 8 bis, of the Kyoto Protocol”. Parties may wish to consider how this information should be reported and reviewed. As the emissions produced during the second commitment period will not be established before the final annual review report for that period is available, Parties may wish to consider the relevance of paragraphs 24 and 49 of the annex to decision 13/CMP.1. Parties may also wish to consider the implication of paragraph 25 of the annex to said decision on the current carry-over modalities contained in paragraphs 15 and 16 of the annex to the same decision, and in particular in paragraph 15(c). Finally, Parties may wish to consider the reporting and review aspects of previous period surplus reserve retirements and whether there is a need to reflect these retirements in SEF tables and in paragraph 11 of the annex to decision 15/CMP.1.

38. Decision 1/CMP.8, paragraph 26, stipulates that units may be transferred and acquired between previous period surplus reserve accounts. Parties may wish to consider the relevance of paragraph 30 of the annex to decision 13/CMP.1 in this regard, as well as relevance to the commitment period reserve, as noted above. One can note that the AAUs contained in the previous period surplus reserve, once transferred, are presumably transferred ‘for the first time’. This raises the question as to whether a levy on the transfer of these AAUs should be applied under paragraph 26 of decision 1/CMP.8. Guidance from the CMP on this issue could be helpful.

39. Decision 1/CMP.8 does not contain a provision for cancelling units contained in previous period surplus reserves accounts. However, for the purpose of meeting the requirements of paragraph 36 of the annex to decision 13/CMP.1 regarding the cancellation of units remaining on accounts after carry-over, there might be a need to foresee at least some type of cancellations. Additionally, Parties may wish to consider whether units may need to be cancelled in response to non-permanence events in clean development mechanism (CDM) project activities (e.g. under section K of the annex to decision 10/CMP.7), or cancelled voluntarily, or that Parties may wish to transfer units within previous period surplus reserve accounts, for domestic purposes.

40. Parties may further wish to consider the impact of the revised modalities for carry-over on the following:

- (a) The compilation and accounting database (decision 13/CMP.1, annex, paragraphs 58 and 59);
- (b) The compilation and accounting reports (decision 13/CMP.1, annex, paragraph 62);
- (c) Automated checks performed by the international transaction log (decision 13/CMP.1, annex, paragraph 42).

41. Finally, the scope of the review of information on assigned amounts, as contained in part III of the annex to decision 22/CMP.1, may need to be considered depending on what/how reporting of that information changes.

42. Table 2 shows where changes to the existing decisions may be considered to address the implications discussed above.

Table 2

Addressing implications for carry-over and previous period surplus reserve accounts

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
New previous period surplus reserve account Currently: Decision 14/CMP.1 Decision 13/CMP.1, annex, paragraph 21 Decision 13/CMP.1, annex, paragraph 47 Decision 15/CMP.1, annex, paragraph 11	Add this new account type and provisions to operationalize it
Are ERUs and CERs carried over to the previous period surplus reserve? Currently: not applicable	Yes or no
Are AAUs directly carried over to the previous period surplus reserve? Currently: not applicable	Yes or no
Retirement "Up to the extent" Currently: Decision 13/CMP.1, annex, paragraph 34 Decision 13/CMP.1, annex, paragraph 49	Specify how to report and review the information
Implication on current carry-over modalities Currently: Decision 13/CMP.1, annex, paragraphs 15 and 16	No change Reflect new modalities in these paragraphs
Levy on transfers between previous period surplus reserves ^a Currently: not applicable	No levy Specify how to apply a levy on AAUs transferred for the first time between previous period surplus reserve accounts
Cancellations from previous period surplus reserves Currently: not applicable	No cancellations possible Allow some type of cancellations
Compilation and accounting database Currently: decision 13/CMP.1, annex, paragraphs 58 and 59	Reflect transactions related to the previous period surplus reserve in these paragraphs
Compilation and accounting report Currently: decision 13/CMP.1, annex, paragraph 62	Reflect transactions related to the previous period surplus reserve in these paragraphs
International transaction log automated checks Currently: decision 13/CMP.1, annex, paragraph 42	No additional automated checks Reflect new automated checks to be performed by the international transaction log in this paragraph

Abbreviations: AAUs = assigned amount units; CERs = certified reductions; ERUs = emission reduction units.

^a Issues related to the levy are also discussed in table 4.

C. Article 3, paragraph 7 ter, in the Doha Amendment³⁹

43. In accordance with section G (Article 3, paragraph 7 ter) of the Doha Amendment as contained in annex I to decision 1/CMP.8, any positive difference between the assigned amount of the second commitment period for a Party included in Annex I and average annual emissions for the first three years of the preceding commitment period multiplied by eight shall be transferred to the cancellation account of that Party. Given that Article 3, paragraph 7 ter, is a new provision, Parties may wish to consider the methodological issues, in the context of earlier relevant CMP decisions, that might arise from this provision, such as the following:

(a) Whether the reference to the “assigned amount of the second commitment period” in this provision refers to the initial assigned amount calculated pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis, of the Kyoto Protocol, or the assigned amount following the implementation of the carry-over, including of ERUs or CERs, in accordance with paragraph 24 of decision 1/CMP.8. In this regard, Parties may wish to note that, on the one hand, the provision does not in itself make a reference to subparagraphs 7 bis, 8 and 8 bis, and that, on the other hand, it is positioned immediately following subparagraph 7 bis which sets out the rules for the calculation of the initial assigned amount for the second commitment period and is followed by two other provisions regulating the initial assigned amount;⁴⁰

(b) Which specific approaches and rules are required, including with regard to which methodologies are used, which greenhouse gases are considered, which common metrics are used and which sectors and categories are included,⁴¹ to establish how “average annual emissions for the first three years of the preceding commitment period” are determined;

(c) Which types of units that shall be transferred to the cancellation account after the calculation of the positive difference between the assigned amount of the second commitment period for an Annex I Party and average annual emissions for the first three years of the preceding commitment period multiplied by eight;

(d) When the calculation of the difference and the transfer to the cancellation account occur. The choice of the timing may have implications on the type of units that may be transferred to cancellation. This issue is also related to the recording of the assigned amount and the quantity to be cancelled in the compilation and accounting database;⁴²

(e) Article 3, paragraph 7 ter, in the Doha Amendment does not indicate the cancellation account to which the units in question shall be transferred to. Parties may wish to note the list of existing cancellation accounts in paragraph 21 of the annex to decision 13/CMP.1. The CMP could either choose to use one of these cancellation accounts or provide for a new cancellation account (or accounts, if it is determined that such cancellation could be done into accounts of legal entities) for the purposes of Article 3, paragraph 7 ter. In the latter case, a corresponding revision of paragraph 21 of the annex to decision 13/CMP.1 might need to be considered.

³⁹ Annex I to decision 1/CMP.8.

⁴⁰ For the first commitment period these matters are addressed in decision 13/CMP.1, annex, paragraph 5.

⁴¹ In other words, those with reference to the first commitment period or those applicable to the second commitment period in accordance with decision 4/CMP.7.

⁴² For the first commitment period these matters are addressed in decision 13/CMP.1, annex, paragraphs 9 and 10.

44. Options for the reporting of units in relation to new cancellation accounts were already discussed during SBSTA 38. The in-session discussion text was annexed to the SBSTA conclusions.⁴³ The proposed changes include:

(a) Reporting of AAUs included in the cancellation account in relation to Article 3, paragraph 7 ter, in the Doha Amendment at the beginning of reporter year (table 1) and at the end of reported year (table 4);

(b) Annual subtractions of AAUs due to cancellations in relation to Article 3, paragraphs 7 ter and quater, in the Doha Amendment (table 2).

45. The modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol⁴⁴ may need to be updated in relation to the following issues for the second commitment period:

(a) The national registry may need to have an additional cancellation account or accounts⁴⁵ for the second commitment period for the purpose of cancelling AAUs under Articles 3, paragraphs 7 ter;

(b) The list of types of relevant information to be publicly accessible⁴⁶ may need to include information on the cancellation of Kyoto Protocol units under Articles 3, paragraphs 7 ter;

(c) The list of types of information related to transactions that is annually recorded by the secretariat in the compilation and accounting database⁴⁷ may need to include information on the cancellation of Kyoto Protocol units under Articles 3, paragraphs 1 ter and quater.

46. Similarly, the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol⁴⁸ may require updates in the areas related to Kyoto Protocol units,⁴⁹ in particular with respect to the information to be included in SEF tables.

47. Parties may wish to consider whether, on the other hand, the existing decisions related to modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol might not need to be revised in the following areas:

(a) Additions to, and subtractions from, the assigned amount pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol prior to compliance assessment.⁵⁰ The decision to subtract cancellations can be assumed to be implicit in decision 13/CMP.1, annex, paragraph 12(f), which speaks of “other cancellations by the Party”;

(b) The rules for the cancellation of units⁵¹ and the fact that these units cannot be used for carry-over or compliance, as stipulated in paragraphs 35 and 36 of the annex to decision 13/CMP.1, could be considered sufficiently general to also apply to the cancellation of AAUs under Articles 3, paragraphs 7 ter, in the Doha Amendment. However, Parties may wish to consider including an additional paragraph similar to paragraph 33 of the annex to decision 13/CMP.1 to clarify the conditions for a cancellation in accordance with Article 3, paragraph 7 ter, in the Doha Amendment, particularly if such

⁴³ FCCC/SBSTA/2013/3, paragraphs 129–136, and FCCC/SBSTA/2013/3/Add.2, pages 40–70.

⁴⁴ Annex to decision 13/CMP.1.

⁴⁵ Several accounts could be needed if the possibility of private owners is considered.

⁴⁶ Decision 13/CMP.1, annex, paragraph 47.

⁴⁷ Decision 13/CMP.1, annex, chapter III.

⁴⁸ Annex to decision 15/CMP.1.

⁴⁹ Decision 15/CMP.1, annex, chapter I.E.

⁵⁰ Decision 13/CMP.1, annex, paragraphs 11 and 12.

⁵¹ Section I.I.C, paragraphs 11 and 12, of the annex to decision 13/CMP.1.

a cancellation is not considered to be covered by paragraph 12(f) of the annex to the same decision, and if it is agreed that legal entities could be authorized to cancel such units;

(c) Parties may wish to consider whether the transaction procedures are sufficiently general to include the procedures related to Kyoto Protocol units cancelled under Article 3, paragraph 7 ter, in the Doha Amendment.

48. In addition to any revisions that were identified in chapter IV.A, the guidelines for review under Article 8 of the Kyoto Protocol need to be revised for the second commitment period on matters related to the implication of Article 3, paragraph 7 ter, in the Doha Amendment on the review of the report to facilitate the calculation of the assigned amount. In particular, with regard to the list of types of information to be reviewed during the ‘initial review’, as contained in paragraph 12 to the annex to decision 22/CMP.1, and to the general procedures for review of information on assigned amounts,⁵² Parties may wish also to refer to the cancellation in relation to Article 3, paragraph 7 ter, in the Doha Amendment. The importance of that reference will be determined by the decision on the timing for effectuating such cancellations.

49. Table 3 shows where changes to the existing decisions may be considered in order to address the implications discussed above.

⁵² Decision 22/CMP.1, annex, paragraph 85.

Table 3
Addressing implications relating to Article 3, paragraph 7 ter, in the Doha Amendment

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
Cancellation account Currently: decision 13/CMP.1, annex, paragraph 21	Specify whether, for the second commitment period, the national registry shall have an additional cancellation account(s) for the purpose of cancelling assigned amount units under Article 3, paragraph 7 ter, or use any of the accounts created in the national registry in accordance with decision 13/CMP.1, annex, paragraph 21(f)
Subtractions of AAUs prior to compliance assessment Currently: decision 13/CMP.1, annex, paragraph 12	If necessary, include provisions for the subtraction of Kyoto Protocol units in accordance with Article 3, paragraph 7 ter
Cancellation of units Currently: decision 13/CMP.1, annex, paragraph 32	If necessary, include provisions for the cancellation of Kyoto Protocol units from the cancellation of Kyoto Protocol units under Article 3, paragraph 7 ter
Publicly accessible information Currently: decision 13/CMP.1, annex, paragraph 47	Specify whether, for the second commitment period, decision 13/CMP.1, annex, paragraph 47(i), includes also to the cancellation of AAUs under Article 3, paragraph 7 ter, or if new provisions are necessary
Compilation and accounting database Currently: decision 13/CMP.1, annex, paragraph 58	Specify whether, for the second commitment period, decision 13/CMP.1, annex, paragraph 58(i), includes also to the cancellation of AAUs under Article 3, paragraph 7 ter, or if new provisions are necessary
Reporting on information on Kyoto Protocol units Currently: decision 15/CMP.1, annex, paragraph 11	Reflect the revised modalities for the second commitment period

Abbreviation: AAUs = assigned amount units.

D. Share of proceeds

50. Decision 1/CMP.8, paragraphs 20–22, contains modalities for the share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation. Decision 1/CMP.8, paragraph 21, states that the Adaptation Fund shall be further augmented through a 2 per cent share of the proceeds levied on the following two types of transactions:

- (a) First international transfers of AAUs;
- (b) Issuance of ERUs for Article 6 projects immediately upon the conversion to ERUs of AAUs or RMUs previously held by Parties.

51. Parties may wish to consider whether the following elements included in decision 1/CMP.8, paragraph 21, could require further clarification, including:⁵³

(a) The location of the Adaptation Fund account that is the recipient of the levy: (i) the CDM registry; (ii) a national registry or; (iii) a specialized registry (not existing yet);

(b) The rounding rules that will apply to the levy: (i) rounding up to the next whole unit or (b) rounding down. In that regard, Parties may wish to note that the practice so far has been to round up, and may also wish to consider whether such rounding should apply on a transaction-by-transaction basis (in which case rounding errors accumulate) or on the cumulative number of units transferred or issued so far (in which case rounding errors are minimized but the levy on each individual transaction will vary);

(c) The nature of the units that can serve as the levy on the first international transfer of AAUs, which can be either a part of the AAUs transferred for the first time or other types of unit, including other AAUs;

(d) The nature of the units that can serve as the levy on the issuance of ERUs, which can be either a part of the ERUs issued or other types of unit;

(e) Whether the levy transferred to the Adaptation Fund is itself subject to a share of proceeds or not subject to it;

(f) Whether, for first transfers of AAUs the levy is additional or included in the amounts transferred. In this regard, Parties may wish to note that if for issuance of ERUs the levy is additional, the project issuance limit would be exceeded. On the other hand, for acquisitions, there is an expectation that the amount acquired by a buyer is the same amount as the one purchased;

(g) Whether the units carried over to the previous period surplus reserve account in accordance with decision 1/CMP.8, paragraph 24, if transferred for the first time during the second commitment period, would be subject to the levy.

52. With regard to the first international transfers of AAUs, Parties may wish to clarify whether the units carried over to the previous period surplus reserve, if transferred for the first time during the second commitment period, would be subject to the levy (during the first commitment period, these units may or may not have been subject to transfers and acquisitions). Should the levy be applied to first transfers of AAUs between previous period surplus reserves, and should this levy be taken in the form of these AAUs and subsequently monetized by the trustee of the Adaptation Fund, such AAUs (i.e. AAUs issued for the first commitment period) would eventually be held in national holding accounts of national registries, and transferred between these accounts.

53. The Parties may wish to consider the following elements of the accounting, reporting and review framework to examine the implications of any decisions on the levy referred to in paragraphs 20–21 of decision 1/CMP.8:

(a) SEF tables (SBSTA 38 considered⁵⁴ this impact);

(b) Calculations of the assigned amounts, including decision 13/CMP.1, annex, paragraphs 11 and 12;

(c) Transfer and acquisition procedures, including decision 13/CMP.1, annex, paragraphs 30–37;

⁵³ Some of the issues arising from paragraphs 21 of decision 1/CMP.8 have been raised by the Adaptation Fund Board in its annual report to the CMP (see FCCC/KP/CMP/2013/2, paragraphs 5 and 35).

⁵⁴ FCCC/SBSTA/2013/3/Add.2, pages 56–70.

(d) Automated checks performed by the international transaction log, including decision 13/CMP.1, annex, paragraph 42;

(e) Information to be made publicly accessible, including decision 13/CMP.1, annex, paragraph 47;

(f) Compilation and accounting database, including decision 13/CMP.1, annex, paragraph 58;

(g) Information on Kyoto Protocol units reported annually, in accordance with decision 15/CMP.1, annex, paragraph 11.

54. One should note that the scope of the review of information on assigned amounts, as contained in decision 22/CMP.1, annex, chapter III, may need to be revised depending on the changes in the reporting of the information pertaining to the share of proceeds.

55. Table 4 shows where changes to the existing decisions may need to be considered to address the implications discussed above.

Table 4
Addressing implications relating to the share of proceeds

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
Rounding rules	Up
Currently: not applicable	Down Cumulative Non-cumulative
Nature of units levied for first transfers	Part of the assigned amount units (AAUs) transferred for the first time
Currently: not applicable	Other types of unit
Nature of units levied on issuance of emission reduction units	Part of the emission reduction units issued
Currently: not applicable	Other types of unit
Transfer of the levied units to the Adaptation Fund account	Not subject to a levy Subject to a levy
Currently: not applicable	
The 2 per cent levy	The 2 per cent levy is included in the first AAU transfers
Currently: not applicable	The 2 per cent levy is additional to the first AAU transfers
First transfer of AAUs between previous period surplus reserves	Units never transferred in the first commitment period and the second commitment period subject to a levy
Currently: not applicable	Units transferred in the first commitment period but not yet in second commitment period are subject to a levy No levy on previous period surplus reserve transfers
Impacts on reporting, review and accounting	See paragraph 53 above
Currently: Decision 13/CMP.1, annex, paragraphs 11 and 12	
Decision 13/CMP.1, annex, paragraphs 30–37	
Decision 13/CMP.1, annex, paragraph 42	
Decision 13/CMP.1, annex, paragraph 47	
Decision 13/CMP.1, annex, paragraph 58	
Decision 22/CMP.1, annex, chapter III	

Abbreviation: AAUs = assigned amount units.

E. Increases in ambition as referred to in decision 1/CMP.8, paragraphs 7 and 8, and Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment⁵⁵

56. By decision 1/CMP.8, chapter III, the CMP agreed that each Party included in Annex I will revisit its QELRC for the second commitment period by decreasing its percentage inscribed in the third column of Annex B in the Doha Amendment⁵⁶ at the latest by 2014.⁵⁷ Decision 1/CMP.8, section III, established a set of relevant steps and deadlines. Each Party with a QELRC thus inscribed was requested to submit to the secretariat, by 30 April 2014, information relating to its intention to increase the ambition of its commitment. That information will be considered by Parties at a high-level ministerial round table to be held during the first sessional period in 2014. A report on the meeting, prepared by the secretariat, will be considered at CMP 10.

57. The CMP defined the following two procedural options for the increase of the level of ambition:⁵⁸

(a) Adjusting the calculation of its assigned amount;

(b) Cancelling, upon the establishment of its assigned amount, a number of AAUs equivalent to the decrease in its QELRC inscribed in the third column of Annex B in the Doha Amendment.⁵⁹

58. In accordance with option (a), the Party concerned finalizes its decision on the increase of the level of ambition prior to submitting to the secretariat the report to facilitate the calculation of its assigned amount for the second commitment period.⁶⁰ Meeting the established due date of 15 April 2015 may raise problems regarding coordination of the high-level ministerial round table by the CMP. This is because, in accordance with Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment, if Parties decide to use adjustments to ensure an increase of the level of ambition in accordance with decision 1/CMP.8, paragraph 8, they need to communicate a proposal for such an adjustment to Parties, via the secretariat, at least three months before the meeting of the CMP for consideration and adoption, and the adjustment would enter into force on 1 January of the year following the communication by the depositary. Therefore, in order to have the adjusted QELRC adopted and used in the calculation of its initial assigned amount by 15 April 2015, the proposal submitted by the Party would be considered by the CMP at the same time as the secretariat's report on the high-level ministerial round table.

59. If Parties decide to reconsider the information contained in the report for the calculation of the assigned amount at a later stage, Parties would need to agree on the resubmission of that information and dates. In any case, this resubmission should be done before the completion of the review of the report for the calculation of the assigned amount, since decision 13/CMP.1, paragraph 10, establishes that once recorded in the compilation and accounting database, the assigned amount shall remain fixed for the commitment period.

60. In accordance with option (b) in paragraph 57 above, Parties would need to establish a dedicated cancellation account for the cancellation of AAUs upon the establishment of the

⁵⁵ Annex I to decision 1/CMP.8.

⁵⁶ Annex I to decision 1/CMP.8.

⁵⁷ Decision 1/CMP.8, paragraph 7.

⁵⁸ Decision 1/CMP.8, paragraph 8.

⁵⁹ Annex I to decision 1/CMP.8.

⁶⁰ In accordance with decision 2/CMP.8, paragraph 2, this report shall be submitted by 15 April 2015.

assigned amount.⁶¹ This would require revisions to the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol and the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol (reporting),⁶² including the use of SEF for reporting Kyoto Protocol units.⁶³

61. Options for the reporting of units in relation to the new cancellation account were discussed during SBSTA 38 and the in-session discussion text was annexed to the SBSTA conclusions.⁶⁴ The proposed changes include the following:

(a) Reporting of AAUs included in the cancellation account in relation to Article 3, paragraph 1 bis, ter and quater, at the beginning of the reported year (table 1) and at the end of the reported year (table 4);

(b) Annual subtractions of AAUs due to cancellations in relation to Article 3, paragraph 1 bis, ter and quater (table 2).

62. The modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol⁶⁵ may need to be updated in relation to the following issues for the second commitment period:

(a) The national registry may need an additional cancellation account for the second commitment period for the purpose of cancelling AAUs under Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment;⁶⁶

(b) The list of relevant information to be publicly accessible⁶⁷ may need to include information on cancellation of AAUs under Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment;

(c) The list of information related to transactions that is annually recorded by the secretariat in the compilation and accounting database,⁶⁸ and in particular decision 13/CMP.1, annex, paragraph 58, may need to include information on the cancellation of AAUs under Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment;

(d) Similarly, the guidelines for preparation of the information required under Article 7 of the Kyoto Protocol⁶⁹ may require updates in the areas related to Kyoto Protocol units,⁷⁰ in particular on the information to include in SEF tables.

63. On the other hand, updating current decisions related to modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol may not be necessary in the following areas:

(a) Additions to, and subtractions from, the assigned amount pursuant to Article 3, paragraphs 7 and 8, prior to compliance assessment.⁷¹ The decision to make subtractions of cancellations can be assumed to be already considered, generally, under decision 13/CMP.1, annex, paragraph 12(f), which mentions “Other cancellations by the Party”;

⁶¹ Decision 1/CMP.8, paragraph 8.

⁶² Annex to decision 15/CMP.1.

⁶³ Decision 14/CMP.1.

⁶⁴ See FCCC/SBSTA/2013/3, paragraphs 129–136, and FCCC/SBSTA/2013/3/Add.2, pages 40–70.

⁶⁵ The modalities were adopted by the CMP and included in the annex to decision 13/CMP.1.

⁶⁶ Several accounts could be needed if legal entities are authorized by the Party.

⁶⁷ Decision 13/CMP.1, annex, paragraph 47.

⁶⁸ Decision 13/CMP.1, annex, chapter III.

⁶⁹ Decision 15/CMP.1, annex.

⁷⁰ Decision 15/CMP.1, annex, chapter I.E.

⁷¹ Decision 13/CMP.1, annex, paragraphs 11 and 12.

(b) The rules of cancellation of units⁷² and the fact that these units cannot be used for carry-over or compliance, as contained in decision 13/CMP.1, annex, paragraphs 35 and 36, could be considered sufficiently general to apply also to the cancellation of AAUs under Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment. However, Parties may wish to include an additional paragraph similar to paragraph 33 of the annex to decision 13/CMP.1 to clarify the conditions for making a cancellation. This would be the case, in particular, if the cancellation of these units is not considered under decision 13/CMP.1, annex, paragraph 12(f), and if legal entities could be authorized for the cancellation of such units;

(c) The transaction procedures are sufficiently general to cover the procedures related to AAUs cancelled under Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment.

64. Article 3, paragraphs 1 ter and 1 quater, and the reference to this issue in decision 1/CMP.8, paragraphs 7–11, indicate that the necessary updates refer exclusively to the second commitment period of the Kyoto Protocol.

65. Table 5 shows where changes to existing decisions may be necessary in order to address the implications discussed above.

⁷² Decision 13/CMP.1, annex, paragraphs 11 and 12.

Table 5
Addressing implications relating to the increase in ambition

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
Cancellation account Currently: decision 13/CMP.1, annex, paragraph 21	Specify whether, for the second commitment period, the national registry shall have an additional cancellation account(s) for the purpose of cancelling assigned amount units under Article 3, paragraphs 1 ter and 1 quater, or use any of the accounts created in the national registry in accordance with decision 13/CMP.1, annex, paragraph 21(f)
Subtractions from the assigned amount prior to compliance assessment Currently: decision 13/CMP.1, annex, paragraph 12	If necessary, include provisions for the subtraction of Kyoto Protocol units from the cancellation of Kyoto Protocol units in accordance with Article 3, paragraphs 1 ter and 1 quater
Cancellation of units Currently: decision 13/CMP.1, annex, paragraph 32	If necessary, include provisions for the cancellation of Kyoto Protocol units from the cancellation of Kyoto Protocol units in accordance with Article 3, paragraphs 1 ter and 1 quater
Publicly accessible information Currently: decision 13/CMP.1, annex, paragraph 47	Specify whether, for the second commitment period, decision 13/CMP.1, annex, paragraph 47(i), includes also the cancellation of AAUs under Article 3, paragraphs 1 ter and 1 quater, or if new provisions are necessary
Compilation and accounting database Currently: decision 13/CMP.1, annex, paragraph 58	Specify whether, for the second commitment period, decision 13/CMP.1, annex, paragraph 58(i), includes also the cancellation of AAUs under Article 3, paragraphs 1 ter and 1 quater, or if new provisions are necessary
Reporting on information on Kyoto Protocol units Currently: decision 15/CMP.1, annex, paragraph 11	Reflect the revised modalities for the second commitment period in this paragraph

Abbreviation: AAUs = assigned amount units.

F. Land use, land-use change and forestry issues not covered in decisions 2/CMP.8 and 2/CMP.7 or the common reporting format tables

1. Implications already addressed for the second commitment period

66. By decision 2/CMP.6, paragraph 2, the CMP agreed that the definitions of forest, afforestation, reforestation, deforestation, forest management, cropland management and grazing land management shall be the same as in the first commitment period under the Kyoto Protocol.

67. By decision 2/CMP.7, paragraph 2, the CMP decided that the activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol in the second commitment period shall be accounted in accordance with the principles and definitions referred to in decision 2/CMP.6 and in accordance with the annex to decision 2/CMP.7. By paragraph 3 of the

same decision, the CMP decided that the accounting of these activities shall be reviewed in accordance with the relevant decisions under Article 8 of the Kyoto Protocol.

68. By decision 2/CMP.7, paragraph 9, the CMP requested the SBSTA to consider, following the methodological work of the IPCC on any supplementary methodologies to estimate emissions and removals from activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, any supplementary methodologies related to the annex to that decision with a view to forwarding a decision on the matter to CMP 10. The IPCC needs to complete its work on any such supplementary methodologies before the CMP can consider these and make a recommendation to the CMP.

69. By decision 2/CMP.7, paragraph 11, the CMP adopted the definitions, modalities, rules and guidelines for the second commitment period included in the annex to decision 2/CMP.7:

(a) In paragraph 1, adopted the definition of natural disturbances and wetland drainage and rewetting;

(b) In paragraph 6, included wetland drainage and rewetting as an electable activity under Article 3, paragraph 4, of the Kyoto Protocol;

(c) In paragraph 7, made accounting for forest management activities mandatory;

(d) In paragraph 12, introduced the reference level in the accounting for forest management activities;

(e) In paragraph 13, introduced a cap for the additions to the assigned amount of a Party from forest management under Article 3, paragraph 4, of the Kyoto Protocol and from forest management project activities undertaken under Article 6;

(f) In paragraph 16, decided that emissions that occur during the second commitment period from harvested wood products removed from forests prior to the start of the second commitment period shall also be accounted for;

(g) In paragraphs 17–20, decided that, under Article 12 of the Kyoto Protocol:

(i) Afforestation and reforestation are eligible project activities under the CDM in the second commitment period;

(ii) The modalities and procedures for afforestation and reforestation, including small-scale afforestation and reforestation, contained in decisions 5/CMP.1 and 6/CMP.1 shall apply, *mutatis mutandis*, to the second commitment period;

(iii) There is a cap to the additions to a Party's assigned amount from afforestation and reforestation project activities under Article 12;

(h) In paragraph 22, decided the rules for additions and subtractions from the assigned amount of a Party pursuant to Article 3, paragraphs 7 and 8, or any amendments thereto;

(i) In paragraphs 33–35, decided that for the second commitment period Parties may consider background levels of emissions from natural disturbances for afforestation and reforestation and forest management and shall report the appropriate information in their annual submissions, and that this information shall be reviewed in the periodical review of annual greenhouse gas inventory reports.

70. By decision 2/CMP.8, the CMP:

(a) Agreed on the information on activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol that shall be included in the report to facilitate the calculation of the assigned amount (annex I, paras. 1(h–k));

(b) Agreed on the information on activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol that shall be reported in the annual greenhouse gas inventories (annex II).

2. Implications that remain to be addressed

71. In accordance with decision 2/CMP.7, annex, paragraph 7, Parties shall account, in the second commitment period, for forest management as a mandatory activity. As a result, the provisions of relevant previous decisions on methodological issues and their annexes which relate to "...activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4..." should be amended.

72. Decision 2/CMP.7, annex, paragraph 18, stipulates that the modalities and procedures for afforestation and reforestation project activities under the CDM (contained in decision 5/CMP.1) and for small-scale afforestation and reforestation project activities under the CDM (contained in decision 6/CMP.1) shall apply, *mutatis mutandis*, to the second commitment period. Therefore, decisions 5/CMP.1 and 6/CMP.1 remain valid for the second commitment period. However, for the application of these decisions in the second commitment period, Parties may wish to consider whether the clause *mutatis mutandis* is sufficient for the clear and unambiguous application of these decisions in the second commitment period.

73. Decision 13/CMP.1, annex, paragraph 55, addresses the process of recording in the compilation and accounting database. In accordance with decision 2/CMP.7, annex, paragraph 12, the accounting quantity for forest management in the second commitment period is based on reference levels. Furthermore, in accordance with decision 2/CMP.7, annex, paragraphs 14 and 15, technical corrections may be applied to reference levels. Parties may wish to consider whether information on reference levels and technical corrections should also be recorded in the compilation and accounting database.

74. Decision 13/CMP.1, annex, paragraph 52(b), in relation to the information to be recorded in the compilation and accounting database, refers specifically to the first commitment period, and Parties may wish to update that reference to the second commitment period. In addition, Parties may wish to consider whether, for the second commitment period, the compilation and accounting database should record information on the total allowable issuances of RMUs resulting from forest management activities in the second commitment period and limits on net acquisitions of CERs from afforestation and reforestation activities under Article 12 of the Kyoto Protocol in accordance with decision 2/CMP.7, paragraph 19.

75. Decision 16/CMP.1, annex, paragraph 1(c), defines reforestation under Article 3, paragraph 3, of the Kyoto Protocol. The subparagraph includes the following text: "For the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989". Parties may wish to consider whether the limitation to reforestation activities as defined above applies only to the first commitment period or whether it also applies to the second commitment period.

76. Decision 17/CMP.1, annex, contains draft CRF tables as contained in annex II to decision 15/CP.10 for reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol. The final CRF tables, which superseded the draft version, were adopted by decision 6/CMP.3. Therefore, the annex to decision 17/CMP.1 does not require revision. However, annex I to decision 15/CP.10 also contains guidance to Parties included in Annex I on the reporting of supplementary information on LULUCF activities under Article 3, paragraphs 3 and 4, in the national inventory report. Parties may wish to consider whether that guidance needs revision in the light of decisions 2/CMP.7 and 2/CMP.8 and

whether any CMP decisions would be required to replace the guidance contained in decision 15/CP.10 for the purposes of the second commitment period.

77. Decision 6/CMP.3 contains the CRF tables for the reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, and it supersedes decision 17/CMP.1. This decision is affected by decision 2/CMP.7, primarily through the impact on the format of the CRF tables and the formulae used in the tables, as follows:

(a) The CRF tables for the reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol need to include wetland drainage and rewetting as a new activity under Article 3, paragraph 4;

(b) The format of CRF tables needs to take into account a new pool of harvested wood products;

(c) The formulae for calculating the accounting quantities for activities under Article 3, paragraph 4, of the Kyoto Protocol need to be revised to reflect the fact that forest management is mandatory for the second commitment period (2/CMP.7, annex, paragraph 7);

(d) The formulae for calculating the accounting quantities for activities under Article 3, paragraph 4, need to be revised to reflect the fact that wetland drainage and rewetting has been added as a new activity under Article 3, paragraph 4, for the second commitment period (2/CMP.7, annex, paragraph 11);

(e) The formulae for calculating the accounting quantities for activities under Article 3, paragraph 4, need to be revised as the accounting for forest management is based on a reference level for the second commitment period (2/CMP.7, annex, paragraph 12);

(f) Emissions from harvested wood products need to be included in the formulae for calculating the accounting quantities for the second commitment period (2/CMP.7, annex, paragraph 16).

78. If Parties decide on any changes in the format and content of CRF tables, such changes would need to be implemented in the CRF Reporter software to enable accurate reporting by Annex I Parties in the second commitment period. It would be essential for implementation that Parties request the secretariat to introduce such changes within a specific timeline and subject to the availability of resources.

79. Table 6 shows where changes to the existing decisions may be considered to address the implications discussed above.

Table 6

Addressing implications relating to activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol

<i>Issue and the relevant existing decision</i>	<i>Option to address the implication</i>
Forest management as a mandatory activity Currently: Decision 13/CMP.1, annex, paragraphs 11(e), 12(d), 25, 26, 32 and 55 Decision 18/CMP.1, paragraphs 1 and 2 Decision 20/CMP.1, annex, paragraphs 18, 20(b), 21; decision 20/CMP.1, annex, appendix II: paragraph 5(i)	Introducing changes through one overarching decision Changing provisions in each relevant paragraph
Issuance of removal units Currently: decision 13/CMP.1, annex, paragraphs 25 and 26	Introducing changes through one overarching decision Changing provisions in each relevant paragraph
Recording accounting quantities for forest management in the compilation and accounting database Currently: decision 13/CMP.1, annex, paragraph 55	Adding a new subparagraph referring to recording the forest management reference level and technical corrections
Recording information on the total allowable issuances of RMUs resulting from forest management Currently: decision 13/CMP.1, annex, paragraph 52(b)	Removing the reference to the first commitment period Adding a new subparagraph 52(c) to reflect the concept of forest reference level for the second commitment period
Definition of reforestation under Article 3, paragraph 3, of the Kyoto Protocol Currently: decision 16/CMP.1, annex, paragraph 1(c)	Leave as is Revise the definition to refer explicitly to the second commitment period
Format of the CRF tables Currently: decisions 17/CMP.1, 15/CP.10 and 6/CMP.3	Revise the tables to make them fully consistent with the requirements of the second commitment period

Abbreviations: CRF = common reporting format, RMU = removal units.

G. Clarification of reporting requirements for Parties included in Annex I to the Convention without a quantified emission limitation and reduction commitment for the second commitment period

80. The provisions of the Kyoto Protocol, of the Doha Amendment and of the CMP decisions relation to accounting, reporting and review include varying forms of references to Annex I Parties (Party; Party included in Annex I; Party included in Annex I with a

commitment inscribed in Annex B to the Kyoto Protocol; and Party included in Annex I with a commitment inscribed in Annex B in the Doha Amendment.⁷³

81. Annex B as contained in annex I to decision 1/CMP.8 includes references to a number of Parties for which there are values for QELRCs for the first commitment period, but no values for QELRCs for the second commitment period in the third column of the table. Such Parties would retain some of the obligations under the Protocol, the Doha Amendment and its decisions, while some other obligations arising from commitments inscribed in Annex B would not be relevant to them in the second commitment period. Therefore, it could be important to clarify references to the relevant Parties in relation to the various provisions of the CMP decisions.

82. Should Parties wish to provide more clarity on this matter, there are at least two options available. They could retain current use of references in all the earlier decisions but provide a clarification on their respective scope in an overarching decision. Alternatively, they could review all the references to Parties in earlier methodological decisions to provide better clarity on where a provision applies to all Annex I Parties, and where only to those with a commitment inscribed in Annex B in the Doha Amendment.

83. While the interpretation of the text is a matter for the CMP to decide on, the scope or text of some of the relevant provisions could in itself provide guidance on whether or not they can be applied to Parties without QELRC in the second commitment period, for example:

(a) Article 3, paragraph 7 ter, in the Doha Amendment refers to Parties in Annex I in general and does not specify what sort of action a Party without a QELRC in the third column of Annex B, as contained in annex I to decision 1/CMP.8, would have to take with regard to the cancellation of units in accordance with the amendment for Article 3, paragraph 7 ter. However, it can be assumed that it is not likely that the provisions of Article 3, paragraph 7 ter, would apply to these Parties, since the calculation of the assigned amount for the second commitment period arises from having a QELRC inscribed in the third column of Annex B;

(b) Similarly, Article 3, paragraphs 1 ter and 1 quater, in the Doha Amendment, as contained in annex I to decision 1/CMP.8, are not likely to be applicable to Parties without QELRC in the second commitment period because although these provisions refer to Parties included in Annex I and Parties included in Annex B, respectively, they do so in conjunction with cross references to the third column of Annex B or the commitment under Article 3, paragraph 1 ter.

84. For some provisions, CMP decisions have clarified the scope of the application of the provisions, such as the following:

(a) The due date and information to include in the report to facilitate the calculation of the assigned amount (decision 2/CMP.8, paragraphs 2 and 3, clarifies that this report is for Parties with a commitment inscribed in the third column of Annex B);

(b) Provisions related to the calculation of the assigned amount and linked calculations (Article 3, paragraphs 7 bis, 7 ter, 8 and 8 bis, in the Doha Amendment, and relevant provisions in decision 13/CMP.1);

(c) The submission of SEF tables for the second commitment period (decision 2/CMP.8, paragraph 5, clarified that this submission is for Parties with a commitment inscribed in the third column of Annex B);

⁷³ See also FCCC/SBSTA/2013/3/Add.2, pages 43–50.

(d) Reporting of information on LULUCF activities under Article 3, paragraphs 3 and 4, and Article 7 of the Kyoto Protocol, in accordance with decision 2/CMP.8, paragraph 4, and annex II thereof, refers to Parties included in Annex I in general;

(e) The national system in accordance with Article 5, paragraph 1, of the Kyoto Protocol and the guidelines for national systems (decision 19/CMP.1);

(f) The methodologies for estimating emissions by sources and removals by sinks, in accordance with Article 5, paragraph 2, of the Kyoto Protocol, and global warming potentials, in accordance with Article 5, paragraph 3, taking into consideration what was agreed in decision 4/CMP.7;

(g) The scope of participation by Parties included in Annex I with or without a commitment inscribed in the third column of Annex B in market-based mechanisms referred to in Articles 6, 12 and 17 of the Kyoto Protocol. Decision 1/CMP.8, chapter IV, lays out the rules in relation to participation in market-based mechanisms in the second commitment period;

(h) The revisiting of QERLCs in accordance with the provisions in decision 1/CMP.8, paragraphs 7–11, and the proposed amendments to Article 3, 1 ter and 1 quater.

85. However, further clarification may be necessary for the following:

(a) Article 3, paragraph 1 bis;

(b) Provisions related to the applicability and calculation of the commitment period reserve (the calculation of the commitment period reserve was addressed in decision 11/CMP.1, paragraphs 6–10, and was also addressed in decision 1/CMP.8, paragraph 18);

(c) Provisions related to carry-over of units to subsequent commitment periods. Decision 1/CMP.8, paragraphs 23–26, refers to the establishment of previous period surplus reserve accounts and the limits of carry-over for Parties included in Annex I with a commitment inscribed in the third column of Annex B, but silent as to whether the rules in paragraphs 15 and 16 of the annex to decision 13/CMP.1 continue to apply to all Annex I Parties, including those without a commitment inscribed in the third column of Annex B;

(d) Provisions related to registry requirements, the issuance of RMUs and the cancellation of units;

(e) Submission of supplementary information required under Article 7 of the Kyoto Protocol, including:

(i) Information on ERUs, CERs, RMUs and AAUs not reported in a SEF table. This refers in particular to the information referred to in decision 15/CMP.1, paragraphs 12–20;

(ii) Changes in national systems;

(iii) Changes in national registry;

(iv) Minimization of adverse impacts in accordance with Article 3, paragraph 14;

(v) Reporting of supplementary information under Article 7, paragraph 2;

(f) The review of information by Parties under Article 7 of the Kyoto Protocol and decision 22/CMP.1, and the calculation of adjustments under Article 5, paragraph 2, of the Kyoto Protocol and decision 20/CMP.1.